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MEMORANDUM FOR: D/OER, DD/OER, SA/ER  
St/P/C, D/D

Attached are D/TA's contribution to  
Review of Security Assistance. [redacted]  
compiled data on West European arms  
manufactures and Third World experience  
with arms suppliers. [redacted]  
prepared the section on global arms  
flows. [redacted]

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Chief  
Trade and Aid Branch

S-08520

9 April 1975  
(DATE)

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8 April 1975

Contribution to Review of Security Assistance

Third World countries purchased or received as grant aid a record of more than \$14 billion of arms in 1974, bringing total arms orders during 1970-74 to almost \$36 billion. (see Table 1) Western countries' share of the arms market constituted four-fifths of total sales in the five-year period. In 1974, over half the sales involved the United States, about 25% Western Europe, and 13% Communist countries. The USSR accounted for the bulk of Communist transactions.

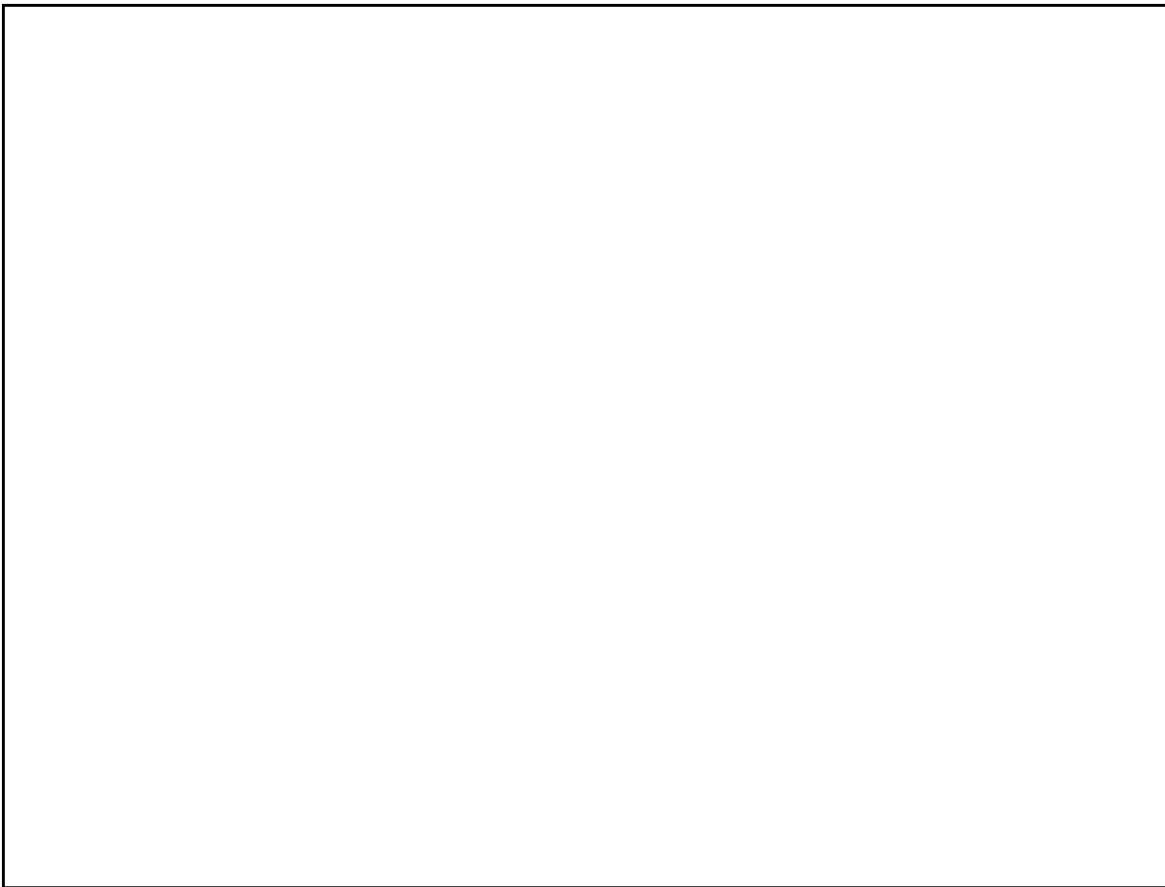
Soviet Military Assistance Program

For almost two decades, the Soviet Union has employed military aid as primary instrument for expanding its influence in Third World countries. Although a relative newcomer to the international arms trade, the USSR has extended nearly \$13 billion arms assistance to 35 LDCs since the mid-1950s. (see Table 2)

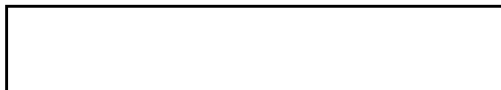
The USSR, initially using East European countries as intermediaries, launched its military assistance program in 1955. In providing such assistance, Moscow became an advocate of LDC nationalism exploiting this phenomenon to the detriment of Western interests. Arab-Israeli tensions, Yemen's conflict with the United Kingdom over Aden, Pakistan's disputes with Afghanistan and India, and Indonesia's territorial conflicts

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were targets of opportunity initially exploited by the Soviet Union. The LDCs generally have sought Soviet arms for use against their neighbors and only occasionally, as in Sri Lanka in 1971, have Soviet weapons been acquired primarily to maintain internal security. In addition to the broader objective of undermining Western economic and political influence, Moscow has used its military aid program in an effort to weaken Western strategic interests and to eliminate Western military bases and alliances adjacent to Soviet borders.



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On balance Moscow's military aid program has served Soviet objectives well. Although the USSR has acquired no ideological converts from its foreign aid, it has gained considerable influence and leverage. Soviet support for nationalist governments has contributed substantially to the weakening, or elimination, of Western influence in many countries and has led to an expansion of Soviet presence into the Middle East, South Asia, and North African regions. Moreover, a number of states -- Afghanistan, Algeria, Egypt, Iraq, Somalia, and Syria -- now are largely or almost totally equipped with Soviet military equipment and are continually dependent on the USSR for logistical and technical support.

Through its military technical assistance -- in conjunction with economic technical assistance and academic training -- the Soviet Union has exposed many of the nationals of these countries to socialist ideas and techniques. Through such exposure Moscow hopes to influence the institutional development taking place in the Third World. Moreover, it has established important relationships with military leaders, as well as junior officers, who in the future may hold key positions in their countries.

Other Communist SuppliersEastern Europe

The military assistance programs of the East European countries-- Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania -- have been modest amounting to almost \$1.5 billion (see Table 3). Czechoslovakia provided about 85% of the arms. Egypt, Indonesia, Iraq, and Syria received the bulk of East European assistance. The East European countries have required faster repayments than the USSR, usually in hard currency; also they have given no discounts from list prices.

The Peoples Republic of China (PRC)

The PRC, like the USSR, also initiated a military aid program to expand its influence in the Third World. The program has been restricted, however, by the PRC's own defense requirements and by the limited capabilities of its arms industry. Since the inception of the program in 1958, the Chinese have agreed to provide about \$550 million of arms to eighteen countries (see Table 4). Almost 75% has gone to Pakistan and 11% to Tanzania.

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West European Arms Sales

West European arms sales to the Third World in 1974 reached a new high of almost \$4 billion, bringing 1970-74 sales to more than \$9.6 billion (see Table 5). During 1970-74, France provided 44% of the total, the United Kingdom 33%, West Germany 10%, and Italy 9%.

Economic considerations primarily underly West European arms sales to the Third World. This motivation has been particularly evident since the mid-1960s as West European arms dealers have moved aggressively into Third World arms markets. The large jump in oil prices during 1973 gave West Europeans added impetus to improve their deteriorating balance-of-payments position. The main thrust of this drive has focused on the oil rich states, which not only have large and growing revenues but also can guarantee the continuing flow of oil.

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Table 1

Value of Arms Sales to the Third World Countries,  
by Exporter<sup>1</sup>

	Million US \$					
	<u>1970-1974</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
TOTAL	<u>35,855</u>	<u>3,645</u>	<u>5,170</u>	<u>4,630</u>	<u>7,900</u>	<u>14,510</u>
Non-Communist Countries	<u>28,150</u>	<u>2,515</u>	<u>3,530</u>	<u>3,525</u>	<u>6,010</u>	<u>12,570</u>
United States <sup>2</sup>	17,685	945	2,105	2,595	3,725	8,315
Western Europe	9,615	1,520	1,165	835	2,225	3,870
Others <sup>3</sup>	850	50	260	95	60	385
Communist countries <sup>4</sup>	<u>7,705</u>	<u>1,130</u>	<u>1,640</u>	<u>1,105</u>	<u>1,890</u>	<u>1,940</u>
USSR	6,800	1,020	1,455	880	1,765	1,680
Eastern Europe	600	45	110	145	105	195
PRC	305	65	75	80	20	65

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Table 2

USSR: Value of Arms Agreements with  
Third World Countries, 1956-1974

Million US \$							
Recipients	1956-1974	1970-1974	1970	1971	1972	1973	1974
TOTAL	12,914	6,802	1,020	1,455	891	1,764	1,682
Afghanistan	492	144	...	107	...	37	...
Algeria	345	50	...	50	...	...	...
Bangladesh	35	35	...	...	35	...	...
Burma	Negl	Negl	Negl	...	...	...	...
Cambodia	12	Negl	Negl	...	...	...	...
Central African Republic	1	1	...	...	...	...	1
Congo (B)	14	9	9	...	...	...	...
Cyprus	26	...	...	...	...	...	...
Egypt	3,420	1,935	650	400	250	635	...
Equatorial Guinea	1	1	1	...	...	...	...
Ghana	10	...	...	...	...	...	...
Guinea	35	25	...	15	...	10	...
Guinea-Bissau	Negl	Negl	...	...	...	...	Negl
India	1,713	610	84	228	149	149	...
Indonesia	1,103	Negl	...	...	...	Negl	...
Iran	826	636	135	179	72	...	250
Iraq	1,637	938	55	250	14	149	470
Lebanon	3	3	...	3	...	...	...
Libya	455	455	35	56	30	4	330
Maldiv Islands	Negl	Negl	...	Negl	...	...	...
Mali	8	4	...	4	...	...	...
Morocco	45	32	...	...	...	2	30
Nigeria	75	50	...	...	...	...	50
Pakistan	70	4	...	...	2	...	2
Peru	38	38	...	...	...	35	3
Sierra Leone	Negl	Negl	...	Negl	...	...	...
Somalia	115	75	6	24	...	...	45
Sri Lanka	13	13	...	2	...	...	11
Sudan	75	...	...	...	...	...	...
Syria	2,087	1,585	40	125	309	705	406
Tanzania	76	74	...	...	...	...	74
Uganda	20	10	...	...	...	...	10
Yemen (Aden)	82	70	5	10	20	35	...
Yemen (Sana)	81	4	...	1	...	3	...
Zambia	1	1	...	1	...	...	...

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Eastern Europe: Value of Arms Agreements with  
Third World Countries, 1955-1974

Recipients	1955-1974	1970-1974	1970	1971	1972	1973	1974
TOTAL	1,488	597	46	109	146	103	193
Afghanistan	25	2	...	...	...	2	...
Algeria	1	...	...	...	...	...	...
Burma	Negl	Negl	...	...	...	...	Negl
Cambodia	Negl	...	...	...	...	...	...
Congo (B)	Negl	Negl	...	...	Negl	Negl	...
Cyprus	3	2	...	1	...	1	...
Egypt	409	68	7	15	20	14	12
Ghana	Negl	Negl	...	Negl	...	...	Negl
Guinea	1	...	...	...	...	...	...
India	195	130	2	60	2	16	50
Indonesia	218	...	...	...	...	...	...
Iran	2	2	...	...	1	1	...
Iraq	282	205	...	16	83	5	101
Lebanon	5	5	...	...	Negl	3	2
Libya	35	35	5	5	9	6	10
Morocco	20	...	...	...	...	...	...
Nigeria	12	1	...	...	1	...	...
Pakistan	32	16	...	...	16	Negl	...
Sudan	11	...	...	...	...	...	...
Syria	182	113	30	10	11	52	10
Tanzania	4	3	...	...	...	3	...
Uganda	7	2	...	...	...	...	2
Yemen (Aden)	10	10	...	2	2	...	6
Yemen (Sana)	34	3	2	...	1	...	...

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Table 4

PRC: Value of Arms Agreements with  
Third World Countries, 1958-1974

Recipients	Million US \$						
	1958-1974	1970-1974	1970	1971	1972	1973	1974
TOTAL	<u>553</u>	<u>300</u>	<u>63</u>	<u>76</u>	<u>78</u>	<u>18</u>	<u>65</u>
Algeria	12	...	...	...	...	...	...
Burundi	2	2	...	...	2	...	...
Cambodia	14	...	...	...	...	...	...
Congo (B)	5	4	2	Negl	1	1	...
Equatorial Guinea	Negl	Negl	...	...	Negl	...	...
Guinea	7	6	...	6	...	...	...
Indonesia	21	...	...	...	...	...	...
Iraq	Negl	Negl	...	Negl	...	...	...
Mali	Negl	Negl	...	Negl	...	...	...
Nepal	1	41	40	...	...	...	1
Pakistan	406	196	...	60	65	10	61
Sierra Leone	3	3	...	3	...	...	...
Sri Lanka	7	7	...	5	1	1	...
Sudan	8	8	...	...	8	...	...
Syria	2	...	...	...	...	...	...
Tanzania	62	30	21	2	1	6	...
Zaire	3	3	...	...	...	...	3
Zambia	Negl	Negl	...	...	Negl	...	...

Table 5

Western Europe: Value of Arms Agreements with  
Third World Countries, by Exporter, 1970-1974<sup>1</sup>

	Million US \$					
	1970-1974	1970	1971	1972	1973	1974
TOTAL	<u>9,515</u>	<u>1,520</u>	<u>1,165</u>	<u>835</u>	<u>2,225</u>	<u>3,870</u>
France	4,255	690	400	250	530	2,385
United Kingdom	3,140	575	535	230	1,050	750
West Germany	980	130	100	140	235	375
Italy	860	80	25	185	335	235
Netherlands	145	5	45	5	45	45
Belgium	70	5	25	5	15	20
Others <sup>2</sup>	160	35	30	15	15	65

<sup>1</sup>Data have been rounded to the nearest \$5 million. Due to rounding, totals may not add.

<sup>2</sup>Including Austria, Denmark, Norway, Spain, Sweden, and Switzerland

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